



RESOURCE
CONSERVATION DISTRICT
OF THE
SANTA MONICA MOUNTAINS

818.597.8627 | phone
818.597.8630 | fax
info@rcdsmm.org

30000 Mulholland Highway, Agoura Hills, CA 91301
Mail: PO Box 638, Agoura Hills, CA 91376-0638

BOARD OF DIRECTORS

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7 August 2014

Commissioners
Los Angeles County Fish and Game Commission
500 West Temple Street, Room B-50
Los Angeles, CA 90012

EXECUTIVE OFFICER
Clark Stevens

Re: Malibu Sonde Funding Request

Dear Commissioners,

I am sorry that I am not available to attend the meeting on 14 August, but John Hendra will be there to answer questions. I know that the amount requested for this application is more than you are usually able to provide, but frankly we are desperate. Without reliable data collection, we can't make good management decisions and no one else has stepped up to help. The RCDSMM staff and volunteers have contributed many hours trouble-shooting in an attempt to keep the old sondes functional, but it is definitely a losing battle. The cost to repair the CSUCI sonde was quoted at \$2000.00, which is almost the price of replacing it.

If it is not possible to fund the entire request, the priorities to at least keep things limping along are listed in order of need. Any contribution will help us towards the goal of replacing the aging equipment.

RDO sensor and calibration solution	\$1127.00
pH sensor and calibration solution	\$539.00
Conductivity sensor and calibration solution	\$360.00
HOB0 Tidbits	\$140 each
Troll 9500 sonde	\$2815.00
Shipping costs	\$50.00

We so appreciate your consideration of our request for assistance. I would be happy to answer any additional questions upon my return.

Thank You,


Rosi Dagit
Senior Conservation Biologist

LOS ANGELES COUNTY FISH AND GAME COMMISSION

GRANT APPLICATION TITLE PAGE

TITLE OF PROJECT/PROGRAM Malibu Creek Data sonde replacement

NAME OF ORGANIZATION RCD of the Santa Monica Mountians
[As it appears on (501) (c) (3) IRS Letter]

ADDRESS PO Box 638

CITY Agoura Hills STATE CA ZIP CODE 91376

TELEPHONE NUMBER 818.597.8627 FAX NUMBER 818.597.8630

AMOUNT REQUESTED \$5451.00

BOARD CHAIRPERSON Richard Brody

EXECUTIVE DIRECTOR Clark Stevens

CONTACT PERSON Rosi Dacit

TITLE Senior Conservation Biologist

TELEPHONE NUMBER(S) 310.455.7528

AUDITED TOTAL INCOME 909654 AUDITED TOTAL EXPENSES 858569

FOR FISCAL YEAR BEGINNING 2012 AND ENDING 2013


SIGNATURE OF BOARD CHAIRPERSON

8.7.14
DATE

Note to Applicant: Please complete this title page and attach all grant application materials prior to submission.

One Page Project Summary

The RCDSMM has been maintaining a continuously recording data sonde in Malibu Creek using equipment donated for the project from the National Park Service Mediterranean Learning Center and California State University Channel Islands since 2011. These sondes provide critical water temperature and dissolved oxygen data needed to support the continued survival of endangered southern steelhead trout. This summer the drought condition has required introduction of supplemental flows, and the temperature and dissolved oxygen data has been crucial to helping monitor the effectiveness of this effort. In addition to the data sonde, we also deploy HOBO tidbit temperature loggers in refugia pools where trout are trapped to make sure that temperatures do not become too stressful.

In 2012, the Commission provided important funding to cover the replacement of the dissolved oxygen probe and some calibration solutions. In January 2013 the NPS sonde was stolen and then replaced. We have been moving the new dissolved oxygen probe back and forth between the 2 sondes as they are swapped out for monthly maintenance. We have had several problems due to the need to share the probe between the 2 sondes, resulting in several months of lost data this summer. The CSUCI sonde is quite old and has been repaired several times. These tools have a limited lifespan and we are reaching the end for that sonde.

Our request is to obtain a new Troll 9500 sonde to replace the CSUCI equipment, and to outfit it with new probes that will be more reliable and not need to be shared between sondes. Additionally, we need to replace the calibration solutions and obtain replacement HOBO tidbits.

Despite being listed as a Core 1 recovery area in the Southern California Steelhead Recovery Plan (NMFS 2012), funding for work in Malibu Creek has been severely limited. The contribution of the Commission to continued monitoring will really help. We have reached out to the fly fishing community as well as others for support of this effort, but to date have not found any other financial contributors. RCDSMM staff and volunteers are not funded to maintain the equipment but do so in order to ensure that the data needed to make management decisions (moving fish, removal of Rindge Dam, etc.) keeps on coming.

Background on Applicant's Organization

Purpose and goals:

The RCDSMM has provided important resource management information to our constituents since 1961. We have a long history of research, education, outreach and implementation of watershed planning and restoration within the Santa Monica Mountains.

Brief summary of current activities:

The RCDSMM staff and Stream Team volunteers currently conduct monthly water quality monitoring and maintenance of the data sonde and HOBO temperature loggers in Malibu Creek. Additionally, our data is provided to local managers to assist in monitoring effectiveness of augmented stream flows and document conditions prior to the proposed removal of Rindge Dam.

Geographic area served:

The boundaries of the RCDSMM extend from Encino to Thousand Oaks, from the Chatsworth Reservoir south to the ocean, and Catalina Island. The focus of this effort will be critical habitat for southern steelhead trout designated in Malibu Creek downstream of Rindge Dam.

Project Information

Statement of justification of need:

Neither NPS nor CSUCI are able to provide funding to replace the data sondes they donated to this effort in 2011. While we can provide the volunteers to do the maintenance, we need help with obtaining the necessary equipment.

Statement of purpose and goals:

Monitoring water temperature and dissolved oxygen, especially under the current drought conditions is critical to supporting the survival of steelhead trout in Malibu Creek. This equipment has provided important data to assist in accomplishing the best management possible.

Action plan to meet objectives:

With a replacement sonde and probes, we will be able to more effectively provide continuous data on water temperature and dissolved oxygen. This data is used to help determine amount and timing of flow augmentation into the creek that will allow refugia pools to remain suitable for trout. These sondes are deployed year round and provide the only continuous data in the reach with trout.

Statement of how the objectives advance the propagation and protection of fish and wildlife:

Drought stress is a real problem at the moment. Monitoring temperature and dissolved oxygen are important tools to help guide management of augmentation flows and provide important information on effectiveness - is there sufficient water to keep pools cool enough to support the trout? These data sondes are the only ones deployed in Malibu Creek and the data is really helpful.

Project budget and timetable:

All equipment will be purchased once funds are available for immediate use and deployment.

Troll 9500 Sonde	\$2815.00
RDO sensor and calibration solution	\$1127.00
pH sensor and calibration solution	\$539.00
Conductivity sensor and calibration solution	\$360.00
Shipping costs	\$50.00
HOB0 tidbits (4@\$140 each)	\$560.00
TOTAL cost	\$5451

Sources of other support for project:

At this time we have no other sources of funding for this equipment. Requests are pending from CalTrout and some local flyfishing clubs, but no response to date.

Current status of project:

We are limping along with one functional sonde. It needed repair and that is when we realized that the back up sonde was not working. These probes are pretty finicky so having a back up is really helpful to keep data flowing continuously.

Cash flow analysis of the expenditure of project funds:

Upon receipt of the funds we will purchase all equipment and keep the project going.

Proposed method of evaluating results:

We will provide current condition data to Las Virgenes Municipal Water District (to help guide flow augmentation) and CDFW to help guide fish protection efforts.

Plans for funding on-going project (if applicable):

We anticipate submitting another grant proposal to CDFW in March 2015 that could assist with covering some personnel costs, and will ask for equipment help as well. Unfortunately, we need the data now and having only one functional sonde makes this a bit precarious. We have also asked NPS to incorporate some funds for future repairs and calibration solutions into their budget for the next fiscal year.

Progress reports (bi-yearly or upon completion, whichever occurs first):

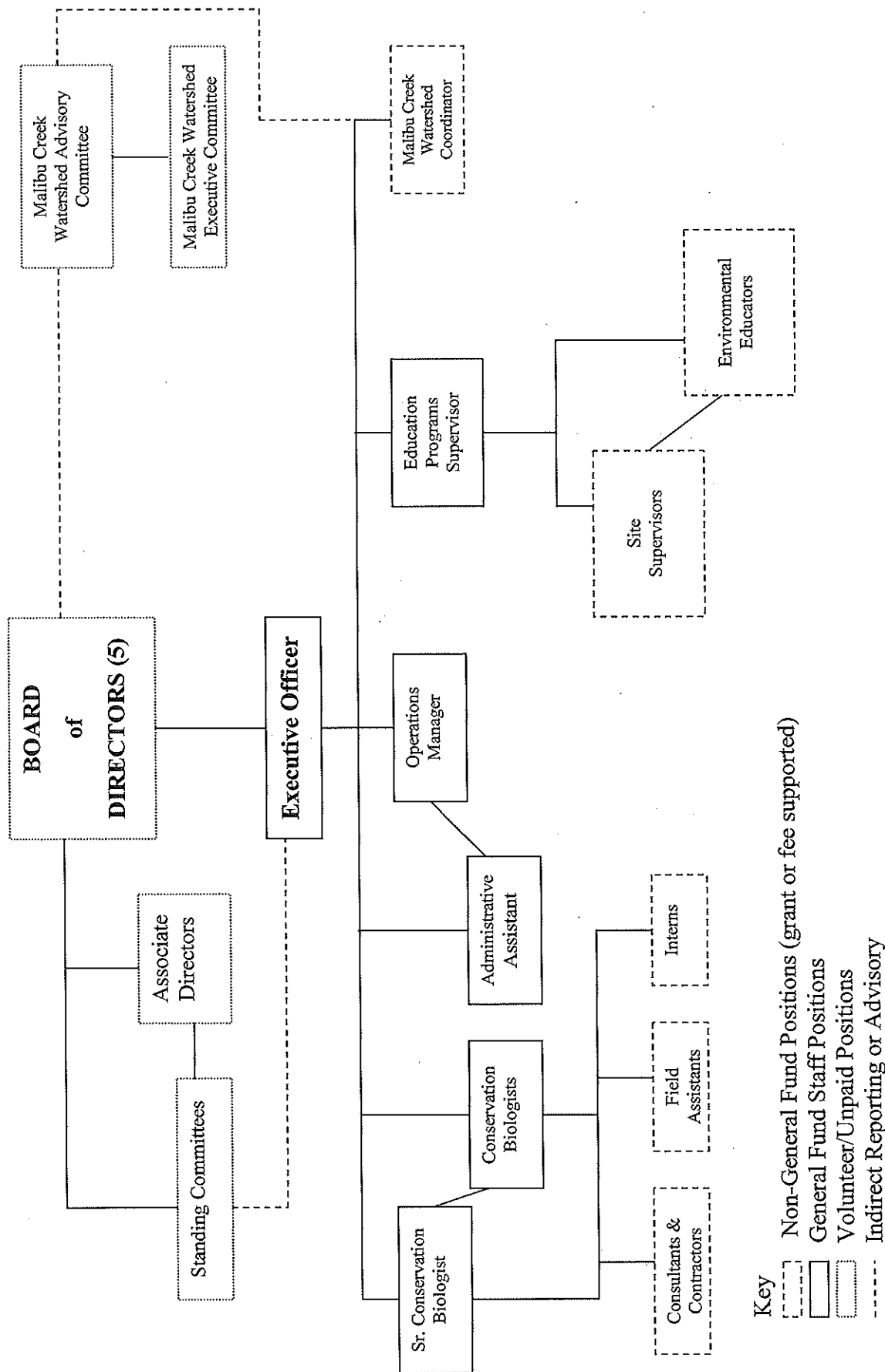
We will provide a report upon completion of the purchase and installation of the sondes.

Please Attach the Following Supporting Documents:

- Description of Organizational Structure or Organizational Chart
- Copy of the Latest IRS Determination Letter of Tax Exempt Status under Section 501(c) (3)
- Most Recent Audited Financial Statement
- Most Recent IRS Form 990

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS

ORGANIZATION CHART





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Dennis Washburn
President

David Gottlieb
Vice President

Steve Rosentsweig
Treasurer

Nancy Helsley
Director

R.C. Brody
Director

EXECUTIVE OFFICER
Clark Stevens, AIA

August 7, 2014

County of Los Angeles
Fish and Game Commission

Dear Commissioners,

In compliance with the request for supporting documents relevant to the fiscal status of the Resource Conservation District of the Santa Monica (RCDSMM), we provide the following information.

The RCDSMM, a subdivision of the State of California, is a local government special district organized under division 9 of the CA Public Resources Code.

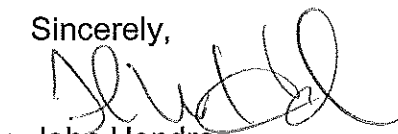
Internal Revenue Code (IRC) Section 115 states that the gross income of a subdivision of a state is not taxable by the Federal government.

IRC Section 170(c)(1) states that contributions to subdivisions of a state are tax deductible as long as they are used for public purposes.

Therefore, the RCDSMM does not submit forms or pay federal income tax and contributions to the RCDSMM are tax deductible.

We appreciate the support of Supervisor Yaroslavsky for our efforts to provide important resource management information that will help protect and preserve the Santa Monica Mountains.

Sincerely,


John Hendra
Operations Manager

**RESOURCE CONSERVATION DISTRICT
OF THE SANTA MONICA MOUNTAINS**

**COUNTY OF LOS ANGELES
AGOURA HILLS, CALIFORNIA**

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2013**

**BURKEY COX EVANS & BRADFORD
Accountancy Corporation
1058 West Avenue M-14, Suite B
Palmdale, CA 93551**

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
BOARD OF DIRECTORS AND DISTRICT HISTORY
JUNE 30, 2013**

<u>MEMBER</u>	<u>OFFICE</u>
Dennis Washburn	President
David Gottlieb	Vice President
Steven Rosentsweig	Treasurer
Nancy Helsley	Director
R.C. Brody	Director

Clark Stevens
Executive Officer

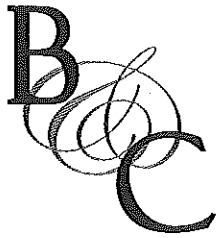
DISTRICT HISTORY

The Resource Conservation District of the Santa Monica Mountains (the District) is a local government body established to assist landowners in conserving natural resources and to educate the public about conservation issues. The District was originally organized as the Topanga Soil Conservation District in accordance with Division 9 of the California Public Resources Code. The formation election was held on January 10, 1961; the vote was certified and the District was declared to be formally organized by resolution of the Los Angeles County Board of Supervisors on January 24, 1961; and on February 8, 1961 the Board of Directors of the new district met for the first time. In 1971, the State of California officially changed the name "Soil Conservation District" to "Resource Conservation District" to reflect the expanded mission of all the state districts to include wildlife and habitat conservation. The Topanga-Las Virgenes Resource Conservation District officially changed its name to the Resource Conservation District of the Santa Monica Mountains by resolution of the Board of Directors on January 9, 1995.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
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FINANCIAL INFORMATION



**BURKEY COX
EVANS & BRADFORD**
ACCOUNTANCY CORPORATION

1058 WEST AVENUE M-14, SUITE B
PALMDALE, CALIFORNIA 93551
TEL: (661) 267-2005
FAX: (661) 267-2471

425 WEST DRUMMOND AVENUE, SUITE A
RIDGECREST, CALIFORNIA 93555-3120
TEL: (760) 375-1508
FAX: (760) 375-8865

SCOTT EVANS, CPA, CFP, CVA
LAURA A. BRADFORD, CPA
HAROLD W. MANNING, CPA

JANETTE HENRIQUEZ, CPA
KYLE LINDAMAN, CPA
JAMES MANNIE, CPA
AUSTIN M. RICE, CPA
JENNIFER VICKERY, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Resource Conservation District of the Santa Monica Mountains
Agoura Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Resource Conservation District of the Santa Monica Mountains (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Resource Conservation District of the Santa Monica Mountains
Page 2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
September 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

This section of the Resource Conservation District of the Santa Monica Mountains' (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status improved substantially for the second year in a row. Total net position increased more than 11%.
- Overall revenues were \$909,659, which is \$51,090 more than expenses. District revenues consist of contract/grant funds, which are monies pledged to complete a particular project like habitat restoration or native species monitoring; fee for service payments, monies paid for a service the district provides like consulting or education programs; property taxes; donations; and interest on deposited funds.
- The total cost of basic programs rose 41% to \$858,569. The main source of the increase is grant funded payroll and contractor expense, which is a result of increased contract and grant project work.
- The District leveraged \$275,289 in property tax revenue this fiscal year to bring 2.3 times that amount of funding (\$634,370) into the District for projects and programs, for a 230% return on investment.

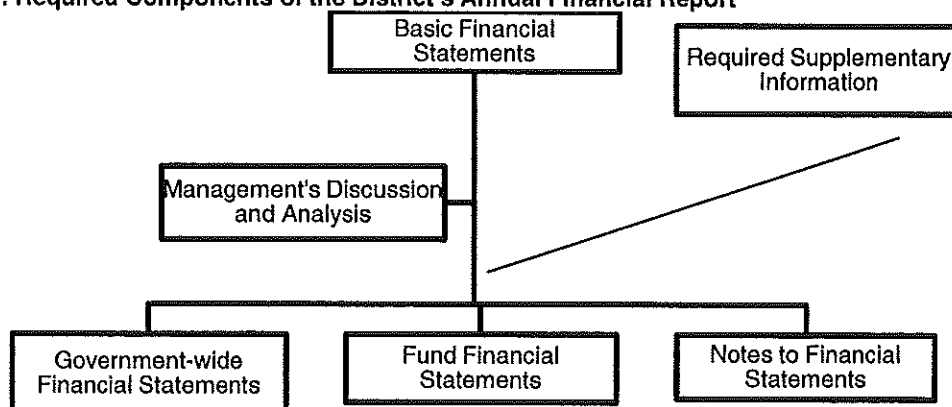
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that report the District's operations in more detail than the district-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another.

Figure A-1: Required Components of the District's Annual Financial Report



DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using an accrual basis of accounting and economic resources measurement focus. Consequently, the statement of net position includes all of the District's assets and liabilities, as well as deferred inflows and outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The two district-wide statements report the District's net position and how it has changed. Net position – essentially the difference between the District's assets and liabilities – is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base, availability of grants for environmental restoration and monitoring, and the overall state of the economy.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by granting agencies.
- The District establishes other funds to control and manage money for particular purposes (i.e. funding a specific program) or to show that it is properly using certain revenues (like federal grants).

The District has one kind of fund:

- Governmental funds – All of the District's basic services are included in the governmental funds, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental fund statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was significantly larger in fiscal year 2013 than in 2012, increasing 11% to \$498,886. (See Table A-1.) The District's improved financial position is the product of a number of factors, most important of which are the growth in contract and grant revenue and charges for services.

Table A-1: Condensed Statements of Net Position

	June 30, 2013	June 30, 2012	Change	Percentage Change
Assets:				
Current Assets	\$ 855,796	\$ 547,947	\$ 307,849	56.2%
Capital Assets	7,955	7,579	376	5.0%
Total Assets	\$ 863,751	\$ 555,526	\$ 308,225	55.5%
Liabilities:				
Current Liabilities	\$ 364,865	\$ 107,730	\$ 257,135	238.7%
Total Liabilities	364,865	107,730	257,135	238.7%
Net Position:				
Net Investment in Capital Assets	7,955	7,579	376	5.0%
Restricted	-	-	-	0.0%
Unrestricted	490,931	440,217	50,714	11.5%
Total Net Position	498,886	447,796	51,090	11.4%
Total Liabilities and Net Position	\$ 863,751	\$ 555,526	\$ 308,225	55.5%

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Changes in Net Position

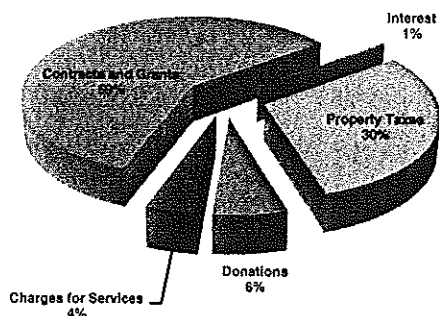
The District's total revenue increased by 42.9% to \$909,659. (See Table A-2.) Contract and grant revenues (60%) and property taxes (30%) accounted for most of the District's revenue. (See Figure A-3.) The remainder of the revenue was from fees charged for services, donations and interest on reserve monies.

The total cost of all programs and services rose 41% to \$858,569. Payroll (67%) is the largest District expense, followed by contractor expenses (22%). (See Figure A-4.) The purely administrative activities of the District accounted for about 11% of total costs. A significant contributor to the higher costs was contract/grant funded contractor expenses, which increased \$156,464, or 515%, due to an increase in contract and grant-funded work. Total revenues surpassed expenses, increasing net position \$51,090 over last year.

Table A-2: Condensed Statements of Activities

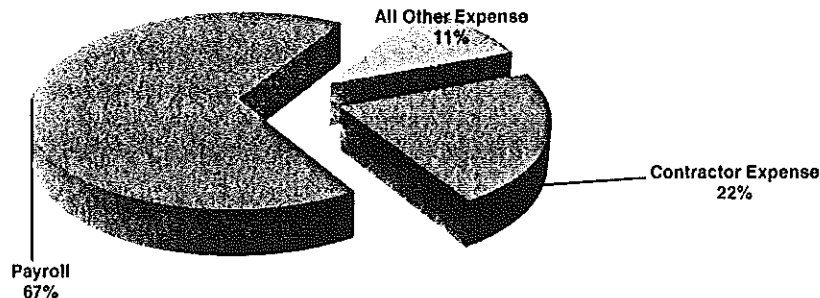
	June 30, 2013	June 30, 2012	Change	Percentage Change
Revenues:				
Program Revenues	\$ 538,032	\$ 318,304	\$ 219,728	69.0%
Charges for Services	93,553	64,603	28,950	44.8%
General Revenue	278,074	253,830	24,244	9.6%
Total Revenues	909,659	636,737	272,922	42.9%
Expenditures:				
Expenditures	858,569	607,395	251,174	41.4%
Total Expenditures	858,569	607,395	251,174	41.4%
Change in Net Position	\$ 51,090	\$ 29,342	\$ 21,748	74.1%

Figure A-3: Revenues for Fiscal Year 2013



**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Figure A-4: Expenses for Fiscal Year 2013



Governmental Activities

The recent good health of the District's finances can be credited to a cultivation of new contract and grant-funded projects, and the improving economy and property values:

- Rising real estate values led to a 9.72% increase in property tax revenues, despite the fact that tax rates remained unchanged.
- Federal, state, local and private grant support for projects and programs increased 69.2% to \$538,559. (See Table A-2.)
- In addition to smaller contracts and grants, the District was awarded four large grants/contracts in 2013. The programs include:
 - Harding Grass Removal (CA Dept. of Parks and Recreation - \$49,459): a joint effort to remove this non-native invasive plant from Pt. Mugu State Park and other areas;
 - Trancas Lagoon Restoration Planning (CA Dept. of Fish & Wildlife - \$47,470 and landowner Zuma Beach Properties LLC - \$81,719): preliminary studies and planning to restore this important coastal lagoon and open up new habitat for the endangered southern steelhead trout and other species;
 - Simi Hills Santa Susana Pass Conservation Planning (local landowner - \$7,839, Natural Resources Conservation Service - \$6,494 and Santa Susana Mountain Park Association - \$500): a cooperative effort with private landowners to preserve a vital habitat corridor to the Santa Monica Mountains while planning for environmentally sensitive development;
 - Topanga Source ID Study (Los Angeles County Board of Supervisors/3rd District Supervisor Zev Yaroslavsky - \$244,000): comprehensive testing of water quality and organisms in Topanga Creek to determine sources of pollution at Topanga State Beach and suggested solutions to the problem.

The cost of all governmental activities in fiscal year 2013 was \$858,945. Some of that cost, \$93,553, was financed by private donations and by the users of the District's programs through service fees. Other than the contract and grant funds mentioned above, the remainder of District expenses were financed by property taxes (\$275,289) and investment earnings (\$2,785).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$490,931, well above last year's ending fund balances of \$440,217, an increase of \$50,714. The District's governmental fund balance increased due to the circumstances cited above.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District produces and maintains a budget for the General Fund, which covers the District's administration, operations and basic services, and for each program and project. For the purposes of this audit and report, all revenues and expenses from the General Fund and all programs/projects have been pooled while the budget referenced is for the General Fund only. Due to the impossibility of predicting when funds will be spent for some multi-year grants and the regular addition of new contracts/grants throughout the year, it is not useful for District purposes to compile and maintain an all-inclusive budget. For the General Fund alone, the District's final budget projected that revenues and expenditures would be roughly equal, while the actual results for the year show a \$24,957 surplus.

- Actual General Fund revenues were \$558,659 higher than expected, due largely to grant and contract revenues and greater property tax receipts.
- Actual General Fund expenditures were \$508,775 higher than budget, due primarily to an increase in payroll expenses resulting from a larger percentage of employee expense being billed to grants and contracts.

CAPITAL ASSETS

The District's investment in capital assets includes computers, office furniture and equipment, field equipment and two Mobile-Mini storage sheds. In 2013, the District invested \$1,829 in a field laptop computer for its research staff. This amount represents a net decrease of \$4,626, or 71.75%, from last year, in which new office computers and other electronic equipment were purchased. Total depreciation expense for the year was \$1,453. More detailed information about capital assets can be found in Note 5 to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is unaware of any circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives to those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the District's Executive Officer at 818-597-8627 or by email at info@rcdsmm.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Cash and Investments	\$ 709,119
Accounts Receivable	142,652
Prepaid Expenses	4,025
Capital Assets, Net of Accumulated Depreciation	<u>7,955</u>
Total Assets	<u>863,751</u>

LIABILITIES

Accounts Payable	21,137
Accrued Expenses	76,064
Due to MCEA	1,099
Deferred Revenue	<u>266,565</u>
Total Current Liabilities	<u>364,865</u>

NET POSITION

Net Investment in Capital Assets	7,955
Restricted	-
Unrestricted	<u>490,931</u>
Total Net Position	<u><u>\$ 498,886</u></u>

See independent auditors' report and accompanying notes to financial statements.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
PRIMARY GOVERNMENT				
Governmental Activities:				
Natural Resource Conservation:				
General Government	\$ 858,569	\$ 93,553	\$ 538,032	\$ (226,984)
Total Governmental Activities	858,569	93,553	538,032	(226,984)
Total Primary Government	<u>\$ 858,569</u>	<u>\$ 93,553</u>	<u>\$ 538,032</u>	<u>(226,984)</u>
General Revenues:				
Property Taxes				275,289
Interest Revenue				<u>2,785</u>
Total General Revenues				<u>278,074</u>
Change in Net Position				<u>51,090</u>
Net Position - Beginning				<u>447,796</u>
Net Position - Ending				<u>\$ 498,886</u>

See independent auditors' report and accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS

Current Assets:

Cash and Investments	\$ 709,119
Accounts Receivable	142,652
Prepaid Expenses	<u>4,025</u>

Total Current Assets	<u><u>\$ 855,796</u></u>
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LIABILITIES AND FUND EQUITY

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 21,137
Accrued Expenses	76,064
Due to MCEA	1,099
Deferred Revenue	<u>266,565</u>

Total Current Liabilities	<u>364,865</u>
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FUND EQUITY

Fund Balance:

Nonspendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	<u>490,931</u>

Total Fund Equity	<u>490,931</u>
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Total Liabilities and Fund Equity	<u><u>\$ 855,796</u></u>
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See independent auditors' report and accompanying notes to financial statements.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Total Fund Balances of Governmental Funds	\$ 490,931
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds. The cost of the assets is \$29,046 and the accumulated depreciation is \$21,091.	<u>7,955</u>
Total Net Position of Governmental Activities	<u><u>\$ 498,886</u></u>

See independent auditors' report and accompanying notes to financial statements.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

REVENUES

Contract/Grant	\$ 538,032
Property Taxes	275,289
Interest Revenue	2,785
Direct Public Support	54,925
Fundraising	527
Program Fees	36,526
Fee for Service	<u>1,575</u>

Total Revenues	<u>909,659</u>
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EXPENDITURES

Natural Resource Conservation:
General Government

858,945

Total Expenditures	<u>858,945</u>
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Net Change in Fund Balance	50,714
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Fund Balance - Beginning of Year	<u>440,217</u>
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Fund Balance - End of Year	<u><u>\$ 490,931</u></u>
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See independent auditors' report and accompanying notes to financial statements.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances Total Governmental Funds	\$	50,714
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Current Year Fixed Asset Additions	\$	1,829
Current Year Depreciation		<u>(1,453)</u>

	Total	<u>376</u>
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Total Change in Net Position of Governmental Activities	\$	<u><u>51,090</u></u>
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See independent auditors' report and accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The basic financial statements of Resource Conservation District of the Santa Monica Mountains (the District) include the accounts of all of the activities of the District. The District was formed as an independent special district to assist landowners in conserving natural resources and to educate the public about conservation issues.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units* (an amendment to No. 14). The District is the primary governmental unit based on the foundation of a separately appointed board of directors. The board is appointed by the Los Angeles County Board of Supervisors. The board has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and 1) is able to impose its will on that organization, or 2) a potential exists for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no blended or discretely-presented component units.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government. The effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property tax revenues, revenues received from the state, and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments are reported at fair value (generally based on quoted market prices) except for the position in the Los Angeles County pool. The District adopted an investment policy directing management to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

3. Inventories and Prepaid Items

The District records the purchases of supplies as expenditures, utilizing the purchase method of accounting for inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost and are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Land is not depreciated. The other capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Useful Lives</u>
Building and Improvements	15 - 40 years
Furniture and Equipment	5 - 7 years

5. Accounts Receivable

No allowance for doubtful accounts has been established since management believes that substantially all amounts are collectible.

6. Fund Balance Reserves and Designations

Non-spendable Fund Balance The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

Restricted Fund Balance The portion of fund balance representing resources subject to externally imposed and legally enforceable constraints imposed either by external resource providers, e.g., grantors or creditors, or by law through constitutional provisions or enabling legislation. Examples include unspent balances or restricted state and federal grants, and unspent proceeds of general obligation bonds

Committed Fund Balance The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the District through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Assigned Fund Balance The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the District's highest level of decision-making or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued, and may be modified or removed by a process less formal than is required for committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.

Unassigned Fund Balance The portion of fund balance not classified as non-spendable, restated, committed, or assigned. For budgetary purposes, this account represents the excess of estimated revenue and estimated other financial sources over appropriations and estimated other financing uses.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues and Expenses

1. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Los Angeles and Ventura Counties bill and collect the taxes for the District. Tax revenues are recognized by the District when received.

2. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated. The dollar value of such accumulations was determined to be \$30,666 as of June 30, 2013.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to the beginning of the fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Directors is then called for the purpose of adopting the proposed budget. At least seventy-two hours public notice of the meeting must have been given.
3. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Board of Directors.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors. As required by law, such amendments are made before the fact, reflected in the official minutes of the Board of Directors, and not made after fiscal year end.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Cash and Investments	<u>\$ 709,119</u>
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RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments consisted of the following at June 30, 2013:

Cash on Hand and in Banks	\$ 231,970
Pooled Investments	<u>477,149</u>
Total	<u>\$ 709,119</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized by the District in accordance with the California Government Code or the District's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the District's investment policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Notes	5 years **	100%	None
Federal Agency Obligations	5 years **	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase Agreements	30 days	100%	None
Money Market Funds	N/A	20%	None
California Local Agency Investment Fund (LAIF)	N/A	100%	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions

** Except when authorized by the District's legislative body in accordance with Government Code Section 53601

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as the Los Angeles County Investment Pools.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in Los Angeles County Investment Pool

The Entity is a voluntary participant in the Los Angeles County Investment Pool that is regulated by the California Government Code under the oversight of the Treasurer of the County of Los Angeles. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by Los Angeles County for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by Los Angeles County, which are recorded on an amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date.

Investments at June 30, 2013, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>
		<u>12 months or less</u>
Cash on Hand and in Banks	\$ 231,970	\$ 231,970
Pooled Investments	477,149	477,149
Total	<u>\$ 709,119</u>	<u>\$ 709,119</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by, where applicable, the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit ratings as of June 30, 2013, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Ratings AAA</u>
Cash on Hand and in Banks	\$ 231,970	N/A	\$ 231,970	-
Pooled Investments	477,149	N/A	477,149	-
Total	<u>\$ 709,119</u>		<u>\$ 709,119</u>	

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following are the excess of expenditures over appropriations as of June 30, 2013.

Contractor Expense	\$ 186,816
Accounting	\$ 2,000
Insurance	\$ 668
Lease	\$ 591
Legal	\$ 2,289
Office Supplies and Expenses	\$ 17,676
Payroll	\$ 284,992
Postage and Delivery	\$ 549
Printing and Copying	\$ 574
Repairs and Maintenance	\$ 1,045
Travel and Conventions	\$ 12,332
Utilities	\$ 333

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2013, consist of the following:

Local Receivables:	
Accounts Receivable	\$ 109,361
Retention Receivable	22,992
Interest Receivable	2,129
Taxes Receivable:	
Los Angeles County	8,170
Total	<u>\$ 142,652</u>

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – FIXED ASSETS AND DEPRECIATION

The changes in fixed assets for the year ended June 30, 2013, were as follows:

	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
<u>Cost</u>				
Improvements	\$ 5,925	\$ -	\$ -	\$ 5,925
Equipment	25,898	1,829	(4,606)	23,121
Total Cost	<u>31,823</u>	<u>1,829</u>	<u>(4,606)</u>	<u>29,046</u>
<u>Less accumulated depreciation for:</u>				
Improvements	(4,178)	(296)	-	(4,474)
Equipment	(20,066)	(1,157)	4,606	(16,617)
Total Accumulated Depreciation	<u>(24,244)</u>	<u>(1,453)</u>	<u>4,606</u>	<u>(21,091)</u>
Net Capital Assets	<u>\$ 7,579</u>	<u>\$ 376</u>	<u>\$ -</u>	<u>\$ 7,955</u>

Depreciation Expense was charged to Governmental Activities as follows:

Resource Conservation	<u>\$ 1,453</u>
Total Depreciation Expense	<u>\$ 1,453</u>

NOTE 6 – RETIREMENT PLANS

Plan Description

The District contributes to the California Public Employees' Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by the state statute and local ordinance. PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7.00% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security). The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate of 9.716% for the fiscal year ended June 30, 2013. The contribution requirements of plan members and the District are established and may be amended by PERS.

Funding Status

As of the date of the audit the latest funding information available from PERS was effective for the June 30, 2011 fiscal year. The District's contributions to PERS for the fiscal year ended June 30, 2013 was \$34,888 and equal 100% of the required contributions for each year. As of June 30, 2013 the pension benefit obligation was fully funded.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LEASE OBLIGATIONS

The District has entered into an operating lease for equipment as of June 30, 2013, with commitments that extend beyond one year. During the year ended June 30, 2013, rent expense totaled \$6,191. Future payments as of June 30, 2013 are as follows:

<u>Year Ending</u>	<u>Payments</u>
2014	1,700
2015	1,700
2016	1,700
2017	1,700
2018	1,487
Total	<u>\$ 8,287</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year ended June 30, 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

NOTE 9 – SUBSEQUENT EVENTS

The District had no reportable subsequent events as of the date of the auditors' report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND			
	ORIGINAL BUDGET *	FINAL BUDGET *	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Contract/Grant	\$ 30,000	\$ 35,000	\$ 538,032	\$ 503,032
Property Taxes	270,000	271,000	275,289	4,289
Interest Revenue	3,000	1,500	2,785	1,285
Direct Public Support	10,000	5,000	54,925	49,925
Fee for Services	1,500	1,500	1,575	75
Fundraising	3,000	3,000	527	(2,473)
Program Fees	34,000	34,000	36,526	2,526
Total Revenues	<u>351,500</u>	<u>351,000</u>	<u>909,659</u>	<u>558,659</u>
EXPENDITURES				
Resource Conservation:				
General Government	<u>351,370</u>	<u>350,170</u>	<u>858,945</u>	<u>508,775</u>
Total Expenditures	<u>351,370</u>	<u>350,170</u>	<u>858,945</u>	<u>508,775</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 130</u>	<u>\$ 830</u>	<u>50,714</u>	<u>\$ 49,884</u>
Fund Balance - Beginning of Year			<u>440,217</u>	
Fund Balance - End of Year			<u>\$ 490,931</u>	

* The District does not include Contract/Grant revenues and expenses in their General Fund budget while the revenues and expenses presented in the Actual column include these amounts. Each grant program maintains its own budget and Contract/Grant revenues and expenses are monitored on a grant by grant basis.

See independent auditors' report.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

		GENERAL FUND		
		FINAL BUDGET *	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Contract/Grant		\$ 35,000	\$ 538,032	\$ 503,032
Property Taxes		271,000	275,289	4,289
Interest Revenue		1,500	2,785	1,285
Direct Public Support		5,000	54,925	49,925
Fee for Services		1,500	1,575	75
Fundraising		3,000	527	(2,473)
Program Fees		34,000	36,526	2,526
Total Revenues		<u>351,000</u>	<u>909,659</u>	<u>558,659</u>
EXPENDITURES				
General Government:				
Contractor Expense		-	186,816	186,816
Accounting		9,000	11,000	2,000
Advertising		1,000	323	(677)
Dues and Subscriptions		5,450	5,115	(335)
Insurance		2,500	3,168	668
Janitorial		3,120	3,120	-
Lease		5,600	6,191	591
Legal		1,000	3,289	2,289
Office Supplies and Expenses		4,000	21,676	17,676
Payroll		294,300	579,292	284,992
Postage and Delivery		700	1,249	549
Printing and Copying		500	1,074	574
Publications		50	35	(15)
Repairs and Maintenance		8,600	9,645	1,045
Telephone/Internet		4,300	4,237	(63)
Travel and Conventions		4,400	16,732	12,332
Utilities		5,650	5,983	333
Total Expenditures		<u>350,170</u>	<u>858,945</u>	<u>508,775</u>
Excess of Revenues Over (Under) Expenditures		<u>\$ 830</u>	<u>50,714</u>	<u>\$ 49,884</u>
Fund Balance - Beginning of Year			<u>440,217</u>	
Fund Balance - End of Year			<u>\$ 490,931</u>	

* The District does not include Contract/Grant revenues and expenses in their General Fund budget while the revenues and expenses presented in the Actual column include these amounts. Each grant program maintains its own budget and Contract/Grant revenues and expenses are monitored on a grant by grant basis.

OTHER INDEPENDENT AUDITORS' REPORT



**BURKEY COX
EVANS & BRADFORD**
ACCOUNTANCY CORPORATION

1058 WEST AVENUE M-14, SUITE B
PALMDALE, CALIFORNIA 93551
TEL: (661) 267-2005
FAX: (661) 267-2471

425 WEST DRUMMOND AVENUE, SUITE A
RIDGECREST, CALIFORNIA 93555-3120
TEL: (760) 375-1508
FAX: (760) 375-8865

SCOTT EVANS, CPA, CFP, CVA
LAURA A. BRADFORD, CPA
HAROLD W. MANNING, CPA

JANETTE HENRIQUEZ, CPA
KYLE LINDAMAN, CPA
JAMES MANNIE, CPA
AUSTIN M. RICE, CPA
JENNIFER VICKERY, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Resource Conservation District of the Santa Monica Mountains
Agoura Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Resource Conservation District of the Santa Monica Mountains (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial

Resource Conservation District of the Santa Monica Mountains
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statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
September 27, 2013